Privatisation and the Struggle for Control of Capital in Nigeria

By

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Abstract

With a debt of US$30 billion to its Western creditors in 2002, and still in dire need of hard currency to bolster its foreign exchange position drained by capital flight, Nigeria had to reschedule its debt with the International Finance Corporation (IFC), an international body which promotes sustainable private sector investment in developing countries. However, rescheduling the debt became an opportunity for the IFC to integrate the Nigerian economy into the global capitalist camp for the benefit of the IFC’s multinational clients and for the Nigerian political and economic elite to continue to accumulate their own private capital in Nigeria. This was because the adoption of IMF-dictated structural adjustment programmes (SAPs), which included privatisation of presumed non-performing state-owned enterprises (SOEs), which enabled the IFC’s multinational clients and the Nigerian political and economic elite to compete for the purchase of the SOEs, was the pre-condition for the debt reschedule talks set by IFC. Despite the majority of Nigerian public opinion not being in favour of the IFC conditions, the Nigerian government aligned with the IFC to propagate the gospel of divestment of government shares in SOEs. This was with a joint claim that privatisation would create wealth and generates employment opportunities for Nigerians. With corruption arguably embedded in the Nigerian socio-political system, this paper tests this claim by developing theories of privatisation and corruption to examine privatisation in Nigeria with a particular case study of the Nigerian Telecommunications Limited (NITEL). The paper found that corruption, which has led to mismanagement, failure and forceful privatisation of most SEOs in the first place, has also characterised the privatisation exercise and led to black hole accounting in the privatisation proceeds. It further found that most privatised companies being owned by new local and foreign private owners have again been characterised by corruption and mismanagement and have consequently failed to create wealth or to generate employment opportunities for Nigerians. The paper therefore suggests deemed alternative viable economic policy for Nigeria.

Keywords: Privatisation, Capitalism, Corruption, State-Owned Enterprises, IMF, World Bank, Multinational Corporations, Political and economic elite, Poverty.
1.0 Introduction

Neo-liberalist have argued that in most cases of mismanagement of state-owned enterprises (SOEs), governments have been regarded as the cause and not part of the solution to mismanagement of the SOEs (Ramanadhan, 1993; Hayek, 1948). As a result, in the early 1980s, the private ownership of SOEs became the favoured viable alternative global economic policy reform by neo-liberalism-preaching Western economic power, particularly the US and the UK governments. Thus, the main objective of privatisation is to remove government hands from running businesses on behalf of the state (Reagan, 1980). However, privatisation as a viable alternative economic policy reform has not always been successful or popular in developed Western economies (see Livingstone, 2009; Sikka, 2008b; Wolf, 2008). For example, in the early 2000s, privatisation was implicated in the collapse of companies in America (e.g. Enron, Xerox, Tyco, and WorldCom), and the consequent loss of jobs for many Americans. The 2008 collapse of: Northern Rock, the Halifax Bank of Scotland, and Woolworth (in the UK), Fannie Mae, Freddie Mac, AIG, and Lehman Brothers (in the USA) provide recent evidence of events that seem to have further challenged privatisation as a viable economic policy reform (see Wolf, 2008).

Privatisation, which developing economies have also been encouraged or sometimes forced to implement as a viable economic policy reform, has also proved to be a disastrous economic policy reform for most developing economies (Estache, 2004;
Ereije and Rivas, 2002; Brune and Barlett, 2000; Abu Shair, 1997; Kaufmann and Siegelbaum, 1997). In developing countries, privatisation has been implicated in political chicanery and corruption in Malaysia (Nellis and Birdsall, 2005), fiscal mismanagement in Brazil (Macedo, 2000), escalating prices in Argentina (Mussa, 2002), and corruption and poverty in many African countries (Nellis, 2008).

While some scholars have claimed that the impact of privatisation on the economic welfare and growth of developing economies has been positive (see Ramanadham, 1993; Macavoy, Stanbury and Zeckhauser, 1989), the criteria used for assessing the success of privatisation have been criticised (see Barclay, 2005; Uddin and Hopper, 2003). A major criticism is that, even if privatisation contributes to improved efficiency and financial performance, as some contest (see for example, Thompson, 1988); it negatively affects the distribution of wealth (Uddin and Hopper, 2003) and also political power (Nellis, 2003). Scholars in developing countries in particular, have argued that while many developing countries have been encouraged and sometimes forced to implement privatisation as a viable economic policy reform, the beneficial effects to many of these countries are yet to be seen (Barclay, 2005).

Notwithstanding the concerns of most developing countries, the generally held economic policy reform view by the Western economic power proponents of deregulation and liberalisation is that the management of state-owned enterprises (SOEs) should only be left with unconstrained private ownership (see Reagan, 1980). As a result, since the early 1990s many Western-controlled institutions became actively involved in encouraging developed and developing countries to consider privatising their SOEs. Also actively involved in the global privatisation campaign were the Western
economic powers and their multinational corporations (particularly the US and the UK). The big four accountancy firms and Western-based professional accountancy bodies were also enlisted to give professional support and legitimacy globally to the privatisation campaign (ICAEW, 2002; Price Waterhouse, 1990, 1989).

Despite research (e.g. by Abu Shair, 1997; Barclays, 2005; Uddin and Hopper, 2003) suggesting that the effect of privatisation, particularly in most poor corrupt developing countries was to redistribute the collective wealth of those countries into the hands of a small number of individual capitalists in a new capitalist setting, developing countries continued to be encouraged and sometimes forced to privatise (Wysham and Vallette, 2002). The World Bank and the IMF encouraged countries to privatise as much and as fast as they could (see *World Bank Report*, 2004; *IMF Report*, 2008). Privatisation became not only one of the pillars of the ‘Washington Consensus’, but also a condition imposed on poor countries seeking economic aid and assistance (Wysham and Vallette, 2002). Many poor, vulnerable and corrupt developing countries, such as Nigeria, were under particular pressure from the World Bank and IMF to privatise.

In line with the global capitalist economic trend, privatisation was forced on corrupt socio-political economy of Nigeria, which was in a poor state, by the World Bank and the IMF, with the support of the Nigerian political and economic elite and key government functionaries. The aim of this study therefore is to examine the issue of privatisation in Nigeria in order to show how illicit and unfair gains were made by those in the public office and in positions of trust during the privatisation process in Nigeria.

With corruption embedded in the socio-political system of Nigeria and in dire need of hard currency to bolster its foreign exchange positions drained by capital flight as a
consequence of endemic corruption (see Baker and Joly, 2009), Nigeria had for a long time been obtaining loans from international lending agencies, in particular the World Bank and the IMF (see Nigeria Debt Management Office Report, 2010). However, there was evidence to show that estimated US$36 billion annual revenue from the sale of petroleum and gas and annual huge loans from the Western lending agencies continued to be used for corrupt purposes (see Baker and Joly, 2009; Wolowitz, 2006). Despite this evidence, the World Bank and the IMF, in particular, violated their lending policies by continuing to lend more money to successive corrupt Nigerian regimes (see African Forum and Network on Debt and Development, 2007).

As Nigeria’s external debt, which stood at US$30 billion in 2002, continued to mount, the repayment of the debt became a problem for the Nigerian government, and the government was facing pressure for repayment from its Western creditors. As a result, the Nigerian government had to request International Finance Corporation (the IFC), the representative of its Western creditors, to reschedule Nigeria’s debt. As the IFC probably has the mandate of its multinational clients to create conditions conducive for capital accumulation, particularly in developing countries (including Nigeria), this mandate necessitated the integration of the fragile Nigerian economy into the global capitalist camp. Thus, the response from the IFC was for the Nigerian government to consider the implementation of the IMF’s structural adjustment programmes (SAPs) and privatise the country’s presumed unprofitable and under-funded SOEs. While the Nigerian government was weighing the different options at its disposal, it was also coming under pressure from some of the Nigerian political and economic elite and some key government functionaries, who were probably intent on accumulating their own private
capital, to implement the SAPs of the IMF and to privatise its presumed non-performing SOEs (Ogunde, 2002). With internal and external pressures at play but against the public opinion in Nigeria, the Nigerian government in 1985 had to forcibly mend relations with the IFIs (IMF and World Bank) -- relations which could undermine the Nigerian Constitution and the democratic process. With the influence of the pro-capitalist elite in government, the Nigerian government officially agreed to implement the IMF’s SAPs, and in 1988, it began the process of privatising the country’s presumed non-performing SOEs.

While the transnational capitalism ambition of the IFC might be to enable the IFC’s multinational clients to invest in the presumed non-performing SOEs, the local capital accumulation ambition of the Nigerian political and economic elite was also to compete with multinationals for the purchase of the SOEs allocated for privatisation. As multinational capital became challenged by local capital, privatisation exercise in Nigeria became characterised by corruption, conflicts of interest and abuses of office by the ruling elite, politicians and public officials constitutionally appointed to oversee the privatisation process. The Nigerian political and economic elites were using their power and influence to buy some of the firms at give-away prices. Corruption also led to black hole accounting (in which substantial part of the proceeds of privatisation were directed to private bank accounts) and to the mismanagement of the privatised companies in the hands of their new local and foreign owners. As a consequence, privatisation has failed to create wealth and generate employment opportunities for Nigerians as promised by the IFC and the Nigerian government.

In the extant literature, some researchers consider privatisation to have certain
advantages (see e.g. Brune and Barlett, 2000; Inter American Development Bank, 2002; Paredes, 2003; United Nations, 1999), while others have criticised it (see e.g. Estache, 2004; Ereije and Rivas, 2002; Stiglitz, 2008; Rentoul, 1987). One of the main arguments used in favour of privatisation is that major failures by governments have resulted in an increasing need to privatise non-performing SOEs (Ramanadhan, 1993; 1989; Thompson, 1988; Reagan, 1980). From a critical perspective however, it has also been argued that privatisation has often resulted in major market failures particularly in those areas where the needs of the market and social needs are markedly different (Livingstone, 2009; Sikka, 2009, 2008). Wolf (2008) notes that in such areas, ensuring that the private sector acts in accordance with social needs may not be easy. Roland (2008) has argued that privatisation is a more complex ideology than its advocates (including the Washington Consensus) thought it to be a decade or so ago; and that the theoretical presumption of privatisation is at best much weaker than its advocates thought.

In the literature on privatisation however, there has been little research on how privatisation has sometimes resulted in socio-political corruption in a specific social context by enabling the collective wealth to be transferred into the hands of a few wealthy individuals with significant social costs for society, particularly those in developing countries, such as those in sub-Saharan Africa. This study contributes to the literature by examining the context of Nigeria, where on privatisation the collective wealth passed into the hands of few political and economic elite and their favoured multinationals and has failed to create wealth and generate employment opportunities for Nigerians as promised by the IFC and the Nigerian government.

The study contributes to the literature on privatisation in four main ways. First, it
contributes to the research on the impact of graft (i.e. the act of taking illicit or unfair advantages of an office for personal gain) on privatisation globally. Secondly, it examines the role of external agencies that encouraged the Nigerian government to privatise its (presumed) non-performing state-owned enterprises (SOEs). Thirdly, it examines the role of the internal agencies that supported the external agencies, in order to propagate the gospel of divestment of the Nigerian government’s shares in the SOEs. Lastly, it examines the role of external and internal accountancy professional bodies, audit firms and regulatory bodies, which were enlisted to give professional legitimacy to the privatisation campaign globally and in Nigeria. It is hoped that this paper will stimulate further research into the role that externally encouraged or imposed economic policies, such as privatisation, have played in legitimising internal graft practices in specific social contexts, and in particular in developing countries.

The paper proceeds as follows. Section 2 examines the sociological theories of privatisation and corruption. Section 3 traces the genesis of failure of the state-owned enterprises in Nigeria (SOEs) to corruption by the Nigerian political and economic elite. Section 4 provides the evidence which suggest that with the support of the World Bank and the IMF, privatisation enabled Western multinationals to continue to reproduce capitalist relations at home. Section 5 examines the internal and external struggle for the control of Nigerian capital. Section 6 examines a case study of privatisation of Nigeria Telecommunications Limited characterised by internal and external struggle and corruption. Section 7 provides evidence of corruption and mismanagement of the privatised companies in the hands of the new local and foreign owners; and section 8 provides evidence of corruption and black-hole accounting in respect of the proceeds of
privatisation. Section 9 suggests viable alternative economic policy for Nigeria, while section 10 ends the paper with a summary and a discussion.

1.1 Research Methods

This study uses a wide range of materials to examine privatisation in Nigeria. It uses material and publication from institutional, academic and professional literature reviews. It also uses reports by some of the external agencies which promote privatisation globally, and reports by some of the internal agencies responsible for privatisation in Nigeria. There is also use of materials published by external and internal accountancy professional bodies and audit firms which were enlisted to give professional support and legitimacy for the divestment of government shares in state-owned enterprises globally, and in Nigeria.

The study also refers to the reports of the various investigatory panels which were commissioned by the Federal Government of Nigeria in response to calls by Nigerian citizens and the international community to investigate the activities of some of those persons involved in the privatisation exercise in Nigeria. Thus, the reports of the Economic and Financial Crimes Commission (EFCC); the Independent Corrupt Practices Commission (ICPC), and the Code of Conduct Bureau (CCB) were used. Law reports relating to court cases on privatisation litigation were also used. These information and reports were obtained from the websites of these organisations and by personal visits to some organisations in Nigeria.

2.0 Privatisation and Corruption
During the 1970s the industrialised economies, after three decades of steady growth, began to flounder and were beset by persistently high unemployment and inflation (Rapley, 2004). In order to remedy these problems, the developed capitalist governments began to look for an alternative to the Keynesian orthodoxy that had dominated economic thinking since the end of the Second World War (Abu Shair, 1997). They found the solution in a (hitherto fringe) school of thought associated with Friedrich Hayek, which was premised on the notion that, in matters of economic mismanagement, government is always the problem and not part of the solution (see Reagan, 1980). This school of thought was of also of the view that, since the demand for new products almost always emerged from among the rich, who alone can afford the cost embodied in research and development; the rate of innovation would also be augmented by income inequality (Freidman, 1967). As a result, privatisation, which is an economic policy that may create income inequality and leads to private capital accumulation, became the alternative viable economic policy reform to be encouraged or sometimes forced on the global economy (Rapley, 2004). However, any economic policy creating income inequality may conflict with the constitutional responsibility of a democratically elected government, and may pose a threat to democracy (Sikka, 2008). Moreover, in any economic policy in which private capital accumulation may inhibit the necessary wealth redistribution in a society, ensuring that the private sector acts in the best interest of the public may be problematic (Wolf, 2008). Notwithstanding the likely threat to democracy, where Western economic powers and Western-controlled institutions may have got the mandate of Western multinationals to encourage or sometimes enforce an economic policy reform, which gives more freedom to private enterprise globally and then neo-liberalism would become
the favoured global socio-economic and political system (Wysham and Valliette, 2002).

Gosovic (2000) observed that:

*Any challenge or critique of the encouraged or imposed freedom of private enterprise economic policy reform by Western economic power or the proposal of alternatives is regarded as heretical and is simply ridiculed, dismissed or ignored and even sometimes met with a threat of non-attraction of international capital.*

However, many theorists have long been expressing doubt about the validity of the thesis that inequality is good for growth (Estache, 2004; Sklair, 1994; Wallerstein, 1994), especially in poor developing countries (Abu Shair, 1997; Amin, 1980; Street and James, 1982). For example, Abu Shair (1997) pointed out that, in poor societies, while inequality may speed up physical capital formation, it may also inhibit human capital formation, which is an essential precursor to growth in poor developing countries (see also Ereije and Rivas, 2002). Despite concerns of the developing countries, where Western multinationals are motivated by aspiration to continue to reproduce capitalist relations at home, capitalism could become global socio-economic and political system (Rentoul, 1987). Thus, Fukuyama (1992) has observed that ‘the triumph of the West, western ideas and the alleged exhaustion of viable alternatives to neo-liberalism has anointed capitalism as the dominant socio-economic and political system of our time’.

However, capitalism has had an impact on most poor developing countries’ economies, especially colonised developing nations whose economies had already been integrated into the colonial masters’ capitalist economy during colonisation and which were further integrated into the global capitalist camp after colonisation (Sklair, 1994). In illuminating the dependent nature of most colonised nations on the coloniser’s and other developed World capitalist economies, the dependency school emphasised that international economic relation between the centre and the periphery nations were the
major factor in the development of underdevelopment (Amin, 1980). In continuing the path of dependency, therefore, developing countries may lose their endogenous technology -- because of the technological package encouraged or sometimes imposed from the centre, resulting in a widening of the technological gap (Street and James, 1982), as well as increased dependency (Wallerstein, 1994). In what seems to be a short-term response from most vulnerable poor developing countries, only state intervention in the form of protectionism and possibly other forms of subsidy, can overcome the effects of market competition between poor developing countries and their giant trading partners from the developed World (Cook and Kirkpatrick, 1988). However, where Western economic power proponents of privatisation may have argued that protectionism might exclude the concerned developing nations as viable locations for attracting international capital, the concerned developing countries may have no alternative other than to continue to follow the dictated developed World’s new economic order, such as privatisation, passively (see G7 Finance Ministers’ Report, 2007).

In many poor developing countries, the likely economic effect of protectionism may have been further compounded by the endemic nature of internal socio-political corruption and external corruption emanating from global economic policy that have shaped poor developing countries socio-economic development (Cook and Kirkpatrick, 1988; Ibezim, 2004). Neild (2002) noted that the issue of corruption is very much inter-related with other issues. At a global level, the "international" (Washington Consensus-influenced) economic system that has shaped the current form of globalisation in the past decade requires further scrutiny for it has also created condition whereby corruption can flourish and exacerbate the conditions of people around the world who already have little
say about their own destiny. Thus, in societies where corruption is endemic, global economic policy such as privatisation allows the government and its backers (local and foreign) to transfer substantial parts of the state’s public assets to private individuals in a new capitalist setting (Uddin and Hopper, 2003). Without privatisation, corrupt officials would have to slowly harvest their corrupt earnings over time. Of course, corrupt governments can also extract corrupt rents in other ways - particularly by borrowing extensively to engage in spending on overly favourable contracts with their backers (or on tax shelters, subsidies or other give-aways). As a consequence of corruption, generations of subsequent taxpayers may be left with paying back the debt incurred for the corrupt transfers made in earlier decades. Any inability to pay back the debt or to obtain further loans could result in sacrifice of infrastructures and their maintenance - leading to a further decay in the economic efficiency of the country. Furthermore, any inability to pay back the debt, while the nation may still be in dire need of more loans and aid assistance for development, may eventually lead to encouragement and sometimes enforcement of the whole sale of a defaulting nation’s public assets. Such whole sale of a defaulting nation’s public assets may be legitimised under the developed capitalist states’ encouraged or sometimes forced global economic policy such privatisation, which in most cases, is highly likely to receive the support of the developing World political and economic elite, also pursuing the accumulation of their own private capital locally. Thus, Gill and Law (1988) noted that:

*Developed capitalist states’ elites and those of developing countries help to explain the limited nature and success of the New International Economic Order*: most less-developed countries are not anti-capitalist and the North-South rhetoric could serve as a ‘soft option’ to the elites and capitalists of many of these countries, when compared to policies promoting economic redistribution at home. (Emphasis added, p. 300).
Any inability to pay back debt could become an opportunity for the Western institution lenders and debt agreement and repayment enforcers to have a stranglehold on the economy and on the decision-makers of debt-trap nation, particularly developing nations (see Adams, 1991). In such debt stranglehold, the Western institution lenders and debt agreement and repayment enforcers (World Bank and IMF) have often compelled commodity specialisation and debt to go hand in hand (Gilpin, 1987). The World Bank and the IMF have used their leverage on indebtedness to encourage or sometimes impose economic policy, which requires that production be concentrated on commodity exports, particularly in poor developing countries (McMichael, 2004). The outcome of such encouraged or imposed economic policy, particularly in poor developing countries, was a flooding of the commodity markets which forced prices downwards, leading to increased poverty and eventual debt-trap of the whole nation. In further emphasising that the adoption of the Western-dictated privatisation was the only viable alternative economic policy for any debt-trap nations to boost their economies, the G7 finance ministers reaffirmed in a statement at the end of their two-day meeting in London on 11 June 2007 that, “in order to make progress on social and economic development, it is essential that developing countries put in place policies for economic growth. Among these, developing countries must boost private sector development, and attract investment and ensure the elimination of all trade-distorting export in agriculture and impediments to private investment, both domestic and foreign”. However, the commitment to the ‘elimination of all trade-distorting export in agriculture’ stops well short of an agreement to end subsidies to farmers in developed World, estimated at more than US$300 billion a year (Oxfam, 2008). As Martlew, (2009) noted:

*It is the developed World subsidies to the developed World farmers rather than*
specific programs to support exports that have created artificially low prices for Western produce that are choking exports from developing countries.

Where the G7, the World Bank and the IMF, which are all motivated by private enterprise ambition, have offered to give financial assistance to any debt-trapped nations, such assistance may have the tendency to further integrate any debt-trapped nations into the global capitalist camp. This could be so where the condition of such assistance may discourage the nationalisation of foreign assets, while encouraging privatisation of the nation’s presumed non-performing SOEs, which could be to the benefits of Western multinationals. Sklair (1995) noted that:

The dominant economic powers can articulate ideologies that stress the indispensability of political, social and cultural stability, discourage nationalization of foreign assets, and in general tilt the balance towards international capital. This is, in most cases, with little regard to domestic public opinion about the concerns of developing countries who have always been invited for participation and without any power to contribute or influence the process, and which impacts on their lives and economies.

Thus, more generally, it can be argued that the volume and nature of financial assistance and loans from developed capitalist countries and Western institutions in particular, have been influenced by the concern of developed capitalist countries and Western institutions to promote, rather than weaken, the transnational capitalism ambition of Western multinationals. In the words of one senior World Bank manager:

Everything we did from 1983 onwards was based on our new sense of mission to have the south privatized or die; towards this end we ignominiously created economic bedlam in Latin America and Africa.

However, in contesting the viability of encouraged or forced privatisation as a standard feature of World Bank and IMF prescription for any debt-trap nations, the central issues for advocating for privatisation should not be how to take assets out of the hands of the state. Rather, the central issue should be how to subject those who control the assets,
whether public or private, to effectively sanction where domestic conditions necessarily involve a significant degree of monopoly power. This is by subjecting state structures to market forces and by challenging the traditional assumptions which few people have questioned until now, in particular about the structure of bureaucracies and the rent-seeking attitude of politicians and public officials, who are constitutionally entrusted with the day-to-day running of SOEs, particularly in developing countries. The World Bank (2004) has even stated that ‘the key factor determining the efficiency of an enterprise is not whether it is publicly or privately owned, but how it is managed’. Vernon-Wortzel and Wortzel (1989) are also of the views that ‘privatization is no guarantee of good performance in the enterprise; the determinants of the success or failure of an enterprise are not who owns it, but how it is managed’.

Where Weberian assumptions about the accountability and security of tenure of civil servants are accepted, and where losses emanating from SOEs will automatically be made good out of tax-payers’ money, SOEs might not be subjected to pressures which confront private sector firms, which can be bankrupted by failure (Brett, 1988). However, where the SOEs are also subject to market controls, and the management is rewarded for discovering new inventions and innovative ways of providing services and organising labour and providing customer satisfaction, then SOEs should be as efficient and profitable as any other private organisation (Madunagu, 2007). This seems to suggest that the failure of some governments, mainly in developing countries (including Nigeria), to control their politicians and public officials responsible for mismanagement and subsequent failure of the SOEs should not be assumed to be an economic problem that could merely be resolved by privatisation. Instead, it should be regarded as a problem
which could be resolved by improving the socio-political and administrative mechanisms which have failed. However, where, on behalf of Western multinationals, Western-controlled institutions (World Bank and IMF) are in the habit of encouraging and sometimes imposing the adoption of policies, which give more scope to private enterprise, while the local political and economic elite are also committed to the accumulation of their private capital, such transnational and local capitalism ambition may lead to socio-political corruption and eventual failure of state-owned enterprises, which the case of Nigeria is examined next.

3.0 Socio-Political Corruption: Genesis of Failure of SOEs in Nigeria

On the basis that Nigeria is endowed with abundant human and material resources, in particular large deposits of oil and gas, it would seem unthinkable to believe that the Nigerian economy might not be able, without external borrowing, to meet the demands of its people and economy in terms of creating wealth, generating employment opportunities and providing modern infrastructure and efficient public utilities essential for the socio-economic growth and development of Nigeria. The head of the military government who presided over the Nigeria oil boom up to July 1975, General Yakubu Gowon, was said to have declared in 1973 that the country had no need for money, but that it did not know what to do with the money it had (see Nigeria World, October 6, 2000). However, in a society where corruption seems to have been institutionalised, irrespective of the extent of available human and material resources, Sikka (2008) observed that:

Those constitutionally entrusted with public office would see diversion of government resources to their private ends as a sign of political acumen rather than political corruption.
Greenstone (1966) observed that, ‘in a society where corruption has been institutionalised, prioritising private interest over the public interest could become the main obstacle in the way of creating wealth, generating employment opportunities and provision of modern infrastructure and might eventually lead the entire society to the path of avoidable poverty’. In Nigeria, corruption by the political and economic elite has been the main impediments in the way of economic development of the society (Olowu, 1993).

As Adujie (2007) noted:

Corruption explains why major Nigerian roads are impassable. It is responsible for power failure, despite all the money that has been poured into that sector. It is the reason why Nigerian hospitals lack necessary medical equipment and drugs, despite the yearly budgets that are earmarked for these purposes. It is the reason why the educational institutions are no longer reckoned with in the international fora. **Nigeria is endowed with abundant human and material resources, but pillaging of the public wealth — our collective patrimony — has been our bane.*** (Emphasis added.)

For example, it was estimated that the total amount borrowed from IFIs and invested in the SOEs by the Federal government stood at over US$100 billion as at May 1999, when the country returned to democratic rule (Government Statistics, 2002). However, there is evidence to show that more than half of the above amounts were stolen by successive ruling elites, who had borrowed these monies from the IFIs (see African Forum and Network on Debt and Development, 2007). There is also evidence to show that some SOEs, in which a huge amount was claimed to have been invested, were mismanaged, scrapped and finally sold to family members, friends and cronies at give-away prices (see Ojakaminor, 2007; Okogie, 2007; Ogunde, 2002). As Ibezim (2004) also noted:

*In Nigeria, we have government corporations. The reasons that led to the conception of these corporations are noble: to make lives easier for the citizens by charging affordable bills. Regrettably, these corporations have derailed. Often government spends billions on them, yet they perform below expectations. Let us face it, even the modest bills they charge, if used prudently, are enough to sustain those corporations. The problems facing these corporations are essentially those of corruption. Because they are government corporations,
those institutionally appointed to oversee them treat them as a large warehouse, subject to plunder. (Emphasis added.)

However, in respect of most of the alleged cases of corruption in the management of the SOEs, no meaningful prosecutions were made after public inquiries and investigations had been carried out and cases of corruption were established against many of the suspects. This was probably due to the complicity of the politicians and public officials who were institutionally appointed to investigate these cases of alleged corruption in Nigeria. Igbinedion (2007) noted that:

In most African countries the different organs and agents involved in combating corruption constitute the class of public officials who have fanned the embers of economic plunder in the first place.

The consequences of corruption in Nigeria have been the creation of avoidable poverty throughout the country (see Amnesty International Report, 2009; USAID Report, 2009), and an unnecessarily huge national debt for Nigerian taxpayers (African Forum and Network on Debt and Development, 2007). As Nigeria was under pressure from the IFIs to pay off its huge debt of US$30 billion (as at 2002), corruption that was endemic in Nigeria prevented Nigeria from meeting its commitment to the IFIs. As Nigeria would still probably need to obtain more loans from its Western lenders, the Nigerian government had to approach the IFIs in order to negotiate the re-scheduling of its debt. Goldman (2005) noted that:

World Bank’s most important clients are not residents of Washington, even if their lobbyists might work there. They are multinational firms located around the world and who depend on the World Bank to mobilise resources for, and generate laws to promote, capital accumulation in the ‘undervalued’ South.

In order to mobilise resources for, and generate laws to promote capital accumulation for its multinational firms in Nigeria, the conditions given by the IFIs to re-schedule the Nigerian debt were for the Nigerian government to consider adopting the IMF-dictated
structural adjustment programmes (SAPs) and to privatise its presumed non-performing state-owned enterprises (SOEs). Evaluating the impact of SAPs on the Nigerian people and the Nigerian economy, Obi (1997) noted that ‘SAPs had fed political instability because of the way they removed protections for the poor and widened income inequality’ in Nigeria.

As external pressure from the IFIs became combined with internal pressure from the Nigerian political and economic elite and government functionaries, who were probably also seeking the accumulation of their private capital, the Nigerian government, without any referendum, adopted the IMF-dictated SAPs and officially became committed to privatising its presumed non-performing SOEs. As a result, the Privatisation and Commercialisation Decree of 1988 was passed. A Technical Committee on Privatisation and Commercialisation (TCPC), under the chairmanship of Dr. Hamza Zayyad, with a mandate to privatise 111 public enterprises and commercialise 34 others was also constituted. In 1993, the TCPC concluded its assignment and submitted a final report, having privatised 88 out of the 111 enterprises listed in the decree. Based on the recommendations of the TCPC, the Federal Military Government passed the Bureau for Public Enterprises (BPE) decree of 1993 which repealed the 1988 decree and set up the Bureau for Public Enterprises to implement the privatisation programme.

In order to push the new Nigerian democratic government which assumed power in May 1999 to further privatise as much and as fast as it could, the Western economic powers and the World Bank financially supported foreign investors, such as Enron, to invest in power projects in Nigeria (Wysham and Vallette, 2002). The IFC pledged US$155 million to Indorama International Finance Plc to purchase 75 per cent equity in
Nigeria’s Eleme Petrochemical Company Limited (BPE Report, 2007). Despite the awareness to the World Bank that the socio-political system in Nigeria is embedded in corruption, which threatened the repayment of any loans, the World Bank also offered generous loans to corrupt Nigerian government to privatise. Perkins (2004) has stated that:

*The World Bank loan experts were doing countries a ‘favour’ by helping them to incur debts they would never be able to pay off and in that course, will remain perpetually indebted to and dependent on the developed capitalist world and their controlled institutions (World Bank and IMF) for their survival in the global capitalist camp.*

Thus, observing the role of the World Bank in encouraging and even providing loans and technical assistance for developing countries to privatise and further providing moral and financial support for multinationals to invest in the assets allocated for privatisation by developing countries’ authorities, Baker (2001) noted that:

*The World Bank’s role in promoting privatisation… in the developing world has been far more direct. In addition to providing rhetoric support to the ideological and financial interests who support privatisation, the World Bank has provided loans and technical assistance to nations that have privatised their…. Systems*

In responding to the pressure, particularly from the World Bank, the new Nigerian democratic government enacted the Public Enterprises (Privatisation and Commercialization, PEPC) Act 1999. This Act created the National Council on Privatisation (NCP) under the chairmanship of the Vice-President, with a mandate to privatise many more national assets.

Ideally, in any democratic society, a decision to adopt any global economic policy reform such as privatisation should be preceded by wide consultation involving strategic groups in the society (Brittan, 1984). Furthermore, what constitutes an acceptable degree of involvement of foreign investors in privatised enterprises and questions relating to
what constitutes ‘family silver’ and ‘national security’ should be topics of societal debate (Rentoul, 1987). Above all, accountability and transparency on the part of the politicians and public officials institutionally appointed to oversee the privatisation exercise should be of paramount importance in a decision to privatise (Whitfield, 1983). However, all the above factors became controversial in the privatisation process in democratic Nigeria. This is because, while these factors might conflict with the capital accumulation ambition of the Nigerian political and economic elite, these factors might also be at variance with the aspiration to continue to reproduce capitalist relations at home ambition of the Western multinationals. While the evidence of the former form the basis of this paper, the evidence of the latter is considered next.

4.0 Multinationals Reproducing Capitalist Relations at Home

McGrew (2000) has argued that structural adjustment programmes (SAPs) are a neo-liberal development strategy devised by international financial institutions (IFIs) to integrate national economies into the global capitalist camp. He further observed that:

The vision of a ‘global market civilization’ has been reinforced by the policies of the major institutions of global economic government namely up to the mid 1990s. Underlying their SAPs has been a neo-liberal development strategy – referred to as the Washington consensus. This consensus prioritises the opening up of national economies to global market forces and the requirement for limited government intervention in the management of the economy.

However, in order for privatisation to be accepted as a viable economic policy reform by both developed and developing countries, the proponents of privatisation need some justifications for its legitimacy (Brune and Barlet, 2002). One proposition that has always been used to justify privatisation, and which has been used to argue against equity, is that private sectors are more efficiently managed (see Inter-American Development Bank,
(2002; Ramanadham, 1993; United Nations, 1999; World Bank, 2007). However, in Nigeria, evidence from the Senior Staff Association of Statutory Corporations and Government Owned Companies (SSASCGOC) in respect of the previous privatisation of the Roll-in Roll-out (RORO) section of the Nigerian Ports Authority (NPA) seemed to challenge the above propositions. Thus, drawing on the NPA evidence, the SSASCGOC concluded that ‘anybody advocating for the privatisation or concessioning of the NPA, or any other SOEs in Nigeria, is probably committed to protecting his/her private capital accumulation interest as against any commitment to protecting the Nigerian public interest’. In relation to privatisation in Bangladesh, Uddin and Hopper (2003) argued that:

*The effect of privatisation in Bangladesh (as the case in some other developing countries) may have been a redistribution of power and wealth to the new owners in a new capitalist setting. Privatisation has not increased returns to society and privatised companies’ contributions to state revenue declined in real terms and as a proportion of value added. Internal controls may have become more commercialised, but at the cost of declining employment, wages, quality of working life, and employee rights.*

In fact, so widespread were the negative consequences of SAPs, particularly in developing countries, that even the World Bank, by the late 1990s, came to accept that SAPs had to do a better job of sheltering the poor or assisting their transition to a new economy, as SAPs, whether or not they were economically viable, were proving to be politically unsustainable (see Rapley, 1996).

While privatisation may be a ‘viable’ alternative global economic policy reform, the different assessments of the Nigerian economy by the World Bank and the IMF at various intervals suggest that Nigeria might not meet the international criteria for privatisation (see IMF, 2008; World Bank, 2007a; World Bank, 2007b). For example, in its campaign for privatisation of SOEs globally, the World Bank (2003) stated that privatisation was likely to be successful if the following conditions prevailed in a particular country:
Most privatisation success stories come from high income and middle-income countries. Privatisation is easier to launch and more likely to produce positive results when the company operates in a competitive market and when the country has a market-friendly policy environment and a good capacity to regulate. The poorer the country, the longer the odds against privatisation producing its anticipated benefits and the more difficult the process of preparing the terrain for sale. (Emphasis added.)

However, the decision of Western creditors and their controlled institutions (the World Bank and the IMF) to force privatisation on the poverty-ridden, weak regulatory regime and corrupt socio-political environment of Nigeria seemed to contradict the above conditions needed for successful privatisation. The World Bank lending to Nigeria to support privatisation also contradicted the Article of Agreement for lending by the World Bank, which enjoined the World Bank to:

*Set some regulations that guarantee that each loan fund is solely used to achieve the objective in accordance with the objectives of the loan itself, by giving considerations over economic and efficiency issues and ignoring political or other non-economic influences or considerations* (Emphasis added, World Bank Article 111, clause 5, paragraph c.)

Yet, either by design or default, it appears that the World Bank ignored its own Article of Agreement as it awarded non-performing loans to corrupt regimes in Nigeria (*African Forum and Network on Debt and Development Report*, 2007). The World Bank cannot argue that it was not responsible for the non-performing loans, as it was the World Bank which provided the loans to the corrupt regimes in Nigeria and for projects which lacked feasibility. This was in breach of the World Bank rules and of the Nigeria economic indicators, which did not favour the granting of any loans to the Nigerian economy in the first place (Adam, 1991). As the Western governments and the World Bank shout ever more loudly about corruption, their own policies are making worse in both North and South. Particularly at fault are deregulation, privatisation and structural adjustment policies requiring civil service reform and economic liberalisation. The World Bank
asserted that "any reform that increases the competitiveness of the economy will reduce incentives for corrupt behaviour. Thus, policies that lower controls on foreign trade, remove entry barriers to private industry, and privatise state-owned enterprises (SOEs) in a way that ensure competition will all support the fight against corruption" (see World Bank Report, 1997). Yet, the empirical evidence, much of it from the World Bank itself, suggests that, far from reducing corruption, such policies, particularly privatisation and the manner in which privatisation have been implemented, have in some circumstances increased corruption in poor developing countries, particularly Nigeria (see World Bank Report, 2010). Thus, Ihederu (2009) has questioned why the World Bank has continued to give loans to poor and corrupt Nigerian economy:

The World Bank group’s (WBG) ‘2009 Country Profile’ and official statements have unequivocally reiterated the unlikelihood of Nigeria attaining most of the Millennium Development Goals (MDG) measures by 2015. Their verdict on the much trumpeted ‘Vision 2020’ goals is equally devastating. Why then would the same WBG continue to push loans to an administration that has failed to implement its highly acclaimed tax policy and whose debt profile is a fraction of the public corruption reported in 2009 alone? (Emphasis added.)

Observations by the World Bank, the United Nations, the US and the European Union suggest that the Nigerian economy might not have the socio-political and institutional capacity to implement a successful privatisation programme (see note 28). Yet the World Bank and the IMF, probably acting under pressure from their multinational clients, ignored the above indicators and provided Western multinationals financial support and an entry into the Nigerian economy by forcing privatisation onto the poor Nigerian economy. Wysham and Valliette (2002) observed that:

The World Bank provided US$745 million in support for Enron-related overseas project from 1992 to 2001. Beyond direct support, for specific projects, the World Bank provided Enron an entry to many developing countries by pushing its agenda of privatisation and deregulation of the energy and power sectors as condition on further loans.
Thus, Ogunde (2002) noted that:

*It needs to be mentioned that the regime in Nigeria is merely carrying out the policy of privatisation under the dictation of the World Bank. The World Bank is the imperialist agency that fronts for the numerous foreign creditors of the Nigerian Government viz., the Paris Club, the London Club, among others. The agenda of the World Bank is to push the Nigerian government to drastically reduce spending on the so-called ‘unprofitable’ social services, so that more money can be made available for the servicing of the US$30 billion foreign debts – and also to be better placed for the procurement of more loans.*

However, as multinationals were using financial and moral support from the Western economic powers and the World Bank to bid for the purchase of the presumed non-performing SOEs in Nigeria, the Nigerian political and economic elite were also using their local capital and socio-political influence to challenge multinational capital. This was by taking advantage of corruption embedded in Nigeria socio-political system to compete with multinationals for the purchase of SOEs allocated for privatisation, which led to the struggle for control of Nigerian capital, the evidence to which I now turn.

### 5.0 The Struggle for Control of Nigerian Capital

In order for privatisation to achieve its main objective of capital accumulation for the multinationals and the local political and economic elite, two inter-dependent conditions must be satisfied (Hobbs and Dunnigham, 1998). One is that the multinationals must rely on the local political and economic elite to continue to reproduce capitalist relations at home through their investment (Hoogvelt and Tinker, 1978). The other is that the legitimacy of multinationals is also necessary for the private capital accumulation of the political and economic elite to be achieved locally (Robertson, 1995). This relationship for private capital accumulation in Nigeria is evident from the joint support for privatisation by the multinationals and the local political and economic elite and the
subsequent joint claims that privatisation would create wealth and generate employment opportunities for Nigerians. Thus, the relationship for private local and transnational capital accumulation has enabled multinational capital’s interpenetration with domestic bourgeoisies. However, still committed to the accumulation and protection of its own local private capital in this relationship, Panitch (1996) observes that:

*Multinational capital’s interpenetration with domestic bourgeoisies may have rendered the notion of a national bourgeoisie increasingly arcane. But even an internal bourgeoisie “implicated by multiple ties of dependence in the international division of labour and in the international concentration of capital” still maintained its own economic foundation and base of private capital accumulation at home (pp. 88-89).*

However, the aspirations of multinationals and the local political and economic elite to struggle for the accumulation their private capital in Nigeria through privatisation seems to contradict the provisions of the Nigerian Constitution 1999 and the provisions of the Public Enterprises (Privatisation and Commercialisation) Act of 1999. The sale of Nigerian Telecommunications Limited (NITEL), which was Constitutionally approved by President Obasanjo, and became a subject of struggle for control between some multinationals and Obasanjo, but which due to Obasanjo’s influence, was finally bought for a pittance by Transcorp, a company in which Obasanjo had a vested interest, provides a case study of the struggle for the control of Nigerian capital and the impact of corruption on privatisation in Nigeria, the evidence which is examined next.

**6.0 Nigerian Telecommunications Limited (NITEL)**

Nigerian Telecommunications Limited (NITEL), a once thriving national operator with 553,471 functional lines and an annual income of N53.41 billion (US$452 million), in 2002, later assumed the description of being a badly run, non-profitable organisation
seething with corruption, administrative inefficiency and technical deficiency (see BPE Report, 2009). NITEL’s number of fixed lines fell dramatically from more than 500,000 lines in 2002 to about 100,000 in September 2005 (BPE Report, 2009). Subscribers to its mobile phone subsidiary, Mtel, also fell from 1.3 million in 2002 to a few thousand in September 2005. The pre-tax income of NITEL declined from N15 billion (US$127 million) in 2002 to N1.5 billion (US$10.7 million) in September 2005 (BPE Report, 2009). The total revenue dropped from N40.9 billion (US$346.2 million) in 2002 to N22.8 billion (US$193 million) in September 2005. However, its liabilities rose to N130 billion (US$1.1 billion) (as of September 2005) from N73.8 billion (US$624 million) in 2002 (BPE Report, 2009). The financial decline of NITEL, which was the result of corruption and mismanagement on the part of the politicians and public officials institutionally appointed to manage the affairs of NITEL, provided grounds for the World Bank and the Nigerian government to decide that for NITEL to run efficiently, NITEL must be privatised (Ojakuminor, 2007a; Okogie, 2007).

It would usually be assumed that it would be a multinational company which would have the capital base to purchase and efficiently manage any ailing company after privatisation, particularly in a poor developing country that was responsible for the mismanagement and failure of the company in the first place. In the case of the sale of NITEL, having been valued between US$1.3 billion and US$2 billion by different investment evaluation companies, Investment International London Limited (IILL) had, in 2001, offered to buy more than half of NITEL’s equity for US$1.25 billion (Senate Committee on Privatisation and Other Related Matters Report, 2007). However, the transnational capital of Investment International London Limited (IILL) was challenged
by the local capital and influence of President Obasanjo, who championed the course of privatisation and who gave constitutional approval to the sale of NITEL. This was by Obasanjo influencing the sale of NITEL and its mobile arm, M-TEL to a local company, Transcorp for US$500million (see Anyanwu, 2010). Obasanjo seemed to have also operated patrimonial system in a democratic system of governance by withdrawing N200 million (US$1.3 million) from the Nigerian public treasury to buy N200 million (US$1.3 million) shares in Transcorp on behalf of Obasanjo Holdings Limited, Obasanjo’s private company (Senate Committee on Privatisation and Other Matters Report, 2008). Nye (1967) has observed that:

In a patrimonial system of governance, royal rulers were not subject to any significant constitutional rules that limited their choice of alternative techniques for achieving personal and state goals. The King used the state money to meet his private commitments, the costs of military campaigns, just as contemporary parties use financial contributions and sometimes state money to meet the costs of electioneering campaigns.

However, on investigation, the withdrawal of the money was found to be unconstitutional and a transaction involving a conflict of interest and an abuse of office by Obasanjo (see Senate Committee on Privatisation and Other Matters Report, 2008). In noting the impact of internal socio-political corruption on externally encouraged or sometimes imposed privatisation exercise in many countries, Roland (2008) observed that:

The privatisation process has been marked by enormous abuses: in many countries a few powerful and influential individuals managed to grab hold of previously state-owned resources for a pittance and become millionaires or billionaires.

When a Lagos lawyer, Gani Fawahenmi, accused Obasanjo of abusing his office and acting in gross violation of the Nigerian Constitution of 1999, and of the provisions of the Public Enterprises (Privatisation and Commercialisation) Act of 1999, the representatives of Obasanjo Holdings insisted that there was no conflict of interest because the
President’s Transcorp shares were held on a blind trust (see Da Costa, 2006). Revealing how companies and powerful and influential individuals use the protection of unregulated and unregistered blind trust that lacks public accountability to engage in shady business deals, a US treasury report noted that:

_Trusts are key vehicles for disguising illicit funds and shady business deals. Yet there is no regulation, registration or public accountability of trusts in the UK and it is impossible to know their beneficiaries (see Sikka, 2006)._)

Under the cover of blind trust, after it began operating (in 2005), Transcorp, through the influence of Obasanjo, has acquired four oil production blocks and has taken over the government’s interest in the prestigious Abuja Hilton Hotel, all at give-away prices, and under the pretext of privatisation (Senate Committee on Privatisation and Other Matters Report, 2008). Disclosing the capital accumulation relationship between Transcorp and the Bureau of Public Enterprises (BPE), which was made possible by the influence of former President Obasanjo, but however deprived Nigerian society of much needed revenue and socio-economic development, Ojakaminor (2007) observed that:

_What has become clear to Nigerians is that Transcorp serves as the opposite arm of the Bureau for Public Enterprises, BPE. Thus, while the BPE acts as the sole seller of government enterprises, Transcorp is positioned as the sole buyer. Both enterprises have already concluded deals with respect to the Hilton Hotel, Le Meridien, NITEL, oil companies and will no doubt conclude several others on offer now and in the future, at the expense of necessary wealth redistribution and consequent corruption and poverty creation all over Nigeria._

The World Bank and the Nigerian government had pursued privatisation of NITEL as the only “viable” alternative to make NITEL run efficiently, so as to create wealth and generate employment opportunities for Nigerians. However, after being privatised, NITEL has, again, been mismanaged and is seething with corruption (see EFCC Report, 2009). For example, three senior managers of Transcorp were arrested by the Economic
and Financial Crimes Commission (EFCC) on the allegation of using different companies owned by friends and cronies, mostly based in the USA, as fronts to siphon Transcorp monies (estimated at N15 billion (US$127 million) by inflating and duplicating sums for consultancy projects and contracts (EFCC Report, 2009). As a consequence, after privatization, NITEL has failed to create wealth and generate employment opportunities for Nigerians as promised by the World Bank and Nigerian government. Wysham and Valliette (2002) noted that:

*The World Bank and IMF have been pursuing deregulation and privatization of the power and energy sectors for two decades. Energy deregulation has resulted in the energy needs of the vast majority of citizens—the poorest as well as those in need of power for businesses, hospitals, schools and other public services to function—being routinely sacrificed for private gain. So long as the World Bank and IMF continue to advance this agenda of privatization, corruption and poverty will continue to be the consequence, particularly in poor developing countries.*

However, the non-transparent sale of NITEL to Transcorp in 2006 and the corruption and mismanagement of the affairs of NITEL after privatisation led President Umaru Yar’Adua (Obasanjo’s successor) to decide to revoke the sale of NITEL to Transcorp and to re-sell it to another “credible” core investor by means of a “competitive” bidding process. However, many Nigerians are in favour of re-nationalising NITEL as against re-selling NITEL to any multinational or, in particular, any private individual as that person may have illegitimately acquired their wealth (Okogie, 2007). Stiglitz (2008) observed that:

*For markets to work well there must be confidence in the legitimacy of property. If there is a widespread belief that those with wealth have obtained their wealth illegitimately, then there will be pressures for re-nationalisation or recapturing in some other way wealth that is viewed as having been stolen from society.* (Emphasis added.)

Probably due to pressure from the World Bank, on 11 October 2010, President Good luck Jonathan (Yar’ Adua’s successor) approved the sale of 75 per cent of NITEL and its
mobile arm, M-TEL to New Generation Telecommunications Consortium (NGTC), made up of China Unicom of Hong Kong, Minerva Group of Dubai and Nigeria’s Gicell Wireless Limited, for US$2.5billion (BPE Report, 2010). Again, the sale has gone awry and the BPE said it is awaiting a fresh directive from the Presidency on which company should take over NITEL. Thus, Nigerians and indeed, the international community are waiting to see which company (local or foreign) would finally purchase and manage NITEL and its mobile arm, M-TEL in a way as to create wealth and generate employment opportunities for Nigerians as promised, and not in a way as to continue to accumulate its private capital. The latter, which has been responsible for the failure of over 90 per cent of the SOEs privatised since 1999, to create wealth or generate employment opportunities for Nigerians, is examined next.

7.0 Privatisation Failed to Create Wealth and Generate Employment

The main reasons put forward by the Western institutions (the World Bank and the IMF) and the Nigerian government for the implementation of privatisation in Nigeria was that privatisation was the only viable option at the disposal of the Nigerian government to make all the presumed non-performing SOEs run efficiently (World Bank, 2009). However, available evidence in respect of most privatised SOEs in Nigeria since 1999, seems to suggest otherwise. In 2009, the Nigerian House of Representatives Committee on Privatisation and Commercialisation (HRCPC) (carrying out its Constitutional mandate of investigating the performance of privatised companies in the different geo-political zones of Nigeria) reported that privatisation had failed to do what had been promised. The Report of the HRCPC Committee noted that:
Most of the privatised companies have either remained moribund or were being poorly managed due to the poor capacity of those who bought the companies. Most of the companies had abandoned the Share Purchase Agreement they had with the Federal Government of Nigeria and had deviated from the original plan of action. Most of the privatised companies are not creating wealth and generating employment opportunities for Nigerians as promised. (Emphasis added, HRCPC Report, 2009.)

One of the main reasons why most of the privatised companies failed to create wealth and generate employment opportunities for Nigerians was that the whole privatisation exercise was carried out without the support of necessary corporate reforms and institutional capacities. Shkolnikov (2002) observed that, “a privatisation process without corporate reforms or institutional capacity ‘usually ends up happening behind closed doors, among a ‘few’ close to the decision-makers and influenced by them’”. Obiorah (2008) noted that the privatisation exercise in Nigeria provided opportunities for those who were close to power to influence the privatisation process, and for companies to be sold to cronies and friends (local and foreign) at give-away prices, while some of the purchasers are without solid capital-base or the necessary managerial experience. Revealing the statistical data of the poor performance and corruption that characterised the privatised companies since 1999, the Director-General of Bureau for Public Enterprises (BPE), Anyanwu (2009) noted that:

> Out of over 400 governments owned companies privatised since 1999, less than 10 of them are performing well. We are particularly worried that some of the privatised companies now owned by foreigners are defrauding Nigerians by repatriating their earnings to their countries while failing to file returns to the Nigerian government. (Emphasis added.)

Probably due to actual or suspected fraud, bribery and poor performance of over 90 per cent of the privatised companies since 1999 and the ensuing public outcry, President Umaru Yar’ Adua (Obasanjo’s successor) ordered the revocation of the sales of 350 of
the 400 companies sold since 1999 (including NITEL). Nellis (2008) noted that:

When there is actual or suspected fraud or bribery in the granting of a concession or in a privatisation (suspected because the terms are so unfavourable to the country that it is hard to believe that they are simply a matter of incompetence), successor governments may be under political pressure to rectify the agreement. In some cases, they may have firm legal grounds; for instance the agreement may not have satisfied certain constitutional provisions.

Corruption and mismanagement also resulted in black hole accounting in which the public officials and accountants institutionally appointed to oversee the privatisation exercise could not account for large part of the monies realised from the sale of the national assets, the evidence to which I now turn.

8.0 Black Hole Accounting in the Privatisation Proceeds

In order to create and foster trust in the sale of public assets under the privatisation exercise, the relevant provisions of the Public Enterprises (Privatisation and Commercialisation) Act of 1999 (PCA) stipulate that, to avoid conflicts of interest and ensure transparency and accountability, all assets must be properly valued by a credible valuer to determine their real market value at the time of sale (see ss. 10(1) and (2) PCA, 1999). Furthermore, the proceeds of sale of all assets must be remitted to the Privatisation Proceeds Account at the Central Bank of Nigeria (CBN), with adequate transparency and proper accountability. In emphasising the statutory responsibility of accountants and auditors to create and foster trust in the Nigerian financial system, particularly the privatisation exercise, the Minister of Finance, Mansur Muhtar (2009) noted that:

Accountants and auditors remain critical change drivers of reforms, such as privatisation. Accountants and auditors should ensure the integrity of the internal control mechanisms that can guarantee the needed transparency and accountability in the public financial management. Thus, the vices of corruption, fraud, wastage and inefficiency can be checked by effective and committed accountants and auditors.
However, Mitchell et al (1998a) observed that:

> Accountants and auditors whom the governments of every country have entrusted with the responsibility of creating and fostering ‘trust’ in the financial system have found themselves in the contradictory position of protecting their private interests under the pretext of protecting the public interest.

In the Nigerian privatisation exercise, investigations show that, in most cases, without there being evidence of any credible valuations, most of the public assets were sold at much less than half of their deemed real market value at the time of sale (see House of Representatives on Commercialisation and Privatisation Report, 2008). Furthermore, there has been a failure on the part of the Bureau of Public Enterprises (BPE) and the Central Bank of Nigeria (CBN) and, in particular, the Accountant-General of the Federation to provide full disclosure of the total amount realised from the sale of the public assets (Revenue Mobilisation and Fiscal Commission Committee (RMFCC) Report, 2008).

Evidence suggests that with the knowledge or collaboration of the Accountant-General of the Federation and other responsible accountants, substantial sums of the proceeds of the sale of the public assets were stolen, misused or directed to personal accounts of the politicians, public officials and accountants institutionally appointed to oversee the privatisation exercise (RMFCC Report, 2008). For example, in the 2009 budget, the Federal government had conservatively projected that Nigeria would realise N100 billion (US$65 million) from the sale of assets allocated for privatisation in that budget year (RMFCC Report, 2008). Despite the fact that almost all the national assets allocated for sale in 2009 were actually sold in that year, only N8 billion (US$5.2 million) was traceable to the BPE Privatisation Proceeds Account at the CBN, leaving a
huge gap of N92 billion (US$59.8 million) unaccounted for by the BPE and even the Accountant-General of the Federation (RMFCC Report, 2008).

Facing questions from the House of Representatives Committee on Privatisation and Commercialisation on the whereabouts of US$59.8 million proceeds of the sale of the public assets, the Director-General of BPE, Mrs Irene Chigbue, claimed that the money could be found in the Privatisation Proceeds Account with the CBN. However, efforts to trace the money to the account at the CBN by the Revenue Mobilisation and Fiscal Commission Committee (RMFCC) have been unsuccessful. The CBN had referred the RMFCC to the Office of the Accountant-General of the Federation, but even the Accountant General of the Federation was unable to provide any clue as to the whereabouts of US$59.8 million obtained from the sales of the public assets (RMFCC Report, 2008). Even with the intervention of the National Assembly, the whereabouts of almost US$59.8 million of the sale of the public assets has not yet been established; and nobody has been indicted or prosecuted for this monumental corruption in Nigeria.

Furthermore, the Nigerian government was expected to generate US$25-US$30 million a month by way of revenue from the concessioning of the nation’s seaports (House of Representatives Committee of Privatisation and Commercialisation Report, 2008). However, an estimated US$700 million in royalties paid by the concessionaires to the Bureau of Public Enterprises (BPE) between 2006 and 2008 could not be traced to the BPE’s Privatisation Proceeds Account at the CBN (RMFCC Report, 2008). Again, the main custodian of the National Treasury, the Accountant-General of the Federation could not also explain the whereabouts of another US$700 million proceeds from concessioning of the nation’s seaports. There was a lack of harmony, transparency, proper accounting,
and accountability between the records of the BPE, those of the Central Bank of Nigeria (CBN) and the Accountant-General of the Federation (RMFCC Report, 2008).

The above evidence is the reality of the outcome of privatisation, which was forced on Nigeria, by the Western economic powers, the World Bank, the IMF and the Nigerian political and economic elite, with the joint promise that privatisation would create wealth and generate employment opportunities for Nigerians. However, such promise is yet to materialise in the post-privatisation era of most of the privatised SOEs in Nigeria, suggesting that a viable alternative economic policy may be required in Nigeria.

9.0 Viable Alternative Economic Policy for Nigeria

The socio-political, economic and cultural environment of Nigeria is arguably embedded in corruption (see Transparency International Corruption Index Report, 2010). Thus, despite the level of transparency and accountability enshrined in the Nigerian 1999 Constitution, the endemic corruption in the executive, the legislature, the Judiciary and even in the anti-corruption agencies, have combined to render ineffective any internally evolved or externally imposed economic policy, such as privatisation (see Nigeria Corruption Survey Study Report, 2003). Corruption in Nigeria has enabled privatisation to have ended up conflicting with the Nigerian 1999 Constitution, the Public Enterprises (Privatisation and Commercialisation) Act of 1999 and inhibits the necessary wealth redistribution. The consequences have been widening income inequality and increased poverty creation in a resource-endowed country, which is now classified as the nineth poorest country in the world (United Nations Report, 2004). Privatisation has made the cost of most essential public services such as power, water, energy, hospitals, schools and
even public transport, to be out of the reach of majority of Nigerians (Ogunde, 2002). This seems to suggest to the Nigerian authority that, to protect the Nigerian public interest as claimed, what Nigeria needs are not privately owned enterprises that are motivated by the desire of private capital accumulation and profit maximisation. First and foremost, the developing Nigerian industry needs well reformed institutions and morally and ethically committed politicians, public officials and management, who put the interest of the Nigerian public first in executing their civic responsibility to the Nigerian public. This therefore suggests that the provisions of the 1999 Constitution must be revisited and amended by the National Assembly to meet the requirement of transparency and accountability, with adequate mechanisms for implementation, monitoring and enforcement put in place. The above commitments therefore necessitate proper reform of the Nigeria Judiciary and the anti-corruption agencies to make these institutions to be more proactive about corruption cases. The current situation in which the President who championed the course of privatisation also turned out to be the same person flagrantly violating the 1999 Constitution and the Public Enterprises (Privatisation and Commercialisation) Act of 1999, by selling the public assets to himself at pittance, without any sanctions, suggests that the Nigeria Judiciary and the anti-corruption agencies may not be independent and proactive in performing their Constitutional duties in the Nigerian public interest and are therefore urgently in need of reform.

With the public interest as priority, the developing Nigerian economy needs an extensive partnership between industry and the Nigerian state in terms of the state providing infrastructure, support for the provision of public utility, providing subsidies, trade protection, and tax break to Nigeria industry, which could make the Nigerian
companies to become highly competitive in the global economic environment. While the relationship of Nigeria with the international community should remain stronger, such relationship should not be to the detriment of the Nigeria socio-economic growth and development as the case with privatisation. After all, Europe, the United States, Japan and the four Tigers of Asia (Singapore, South Korea, Hong Kong and Taiwan) all have relied on an extensive partnership between industry and the state to become developed. Their industrialisation process involved several decades or more of government providing protective trade barriers, large subsidies to domestic industry, support for public utilities and state-owned industries, tax breaks and other incentives for research and development to diversify the country and controls on currency and capital. The 2008 financial crisis orchestrated by neo-liberal economic policy led to the nationalisation of Northern Rock by the UK government and Fannie Mae and Freddie Mac by the US government and billions of dollars of the UK, the US and even developing countries, such as Saudi Arabia tax payers money to mainly stimulate the UK and the US economies. However, the question many developing countries citizen demand answer from the UK and the US governments is that if the American and the British governments genuinely believe in globalisation, deregulation, liberalisation and privatisation as they claimed, why would they be using billions of the US, the UK and even developing countries taxpayers money to stimulate supposedly private entities in the UK and the USA, while the UK and the US continue to tell developing counties authorities not to use tax payers money to support local industry. Moreover, European Union gives its sugar producers 550 pound sterling a year in subsidies, while a US rice farmer gets back 72 cent from the US government for every dollar spent (Oxfam, 2008). The UK government gives weekly child support to the
UK under sixteen, Council house to UK low income earners, practice free health and education and even give free milk to UK elderly. Why should a country like Nigeria with huge human and material resources, such as deposit of oil and gas, yet only about 18 per cent of the adult workforce actually owns a house and/or a plot of land (Report of Senate Committee on Sale of Government Houses and Land, 2008), and 92 per cent of its 150 million population live on less than one dollar a day (USAID Report, 2009) privatise health, education, power and even food to make the cost of these services to be beyond the reach of more than fifty percent of Nigerians. The above evidence suggests that genuine globalisation does not exist. To the Western economic power proponents of globalisation, deregulation, liberalisation and privatisation, their internal politics and the well-being of their people take precedent over any international politics or trade agreements. With the huge resources at the disposal of Nigeria, the author of this paper is therefore of the strongly held opinion that Nigeria will develop fast if it looks inward to find solution to its socio-economic development rather than relying on any inappropriate external economic policy such as privatisation, which has aggravated corruption and proved to be dubious to the Nigerian economy.

10 Summary and Discussion

Nigeria’s huge debt to the international financial institutions (IFIs) has come about as a consequence of the endemic corruption by the ruling elite, politicians and public officials, with sometimes encouragement instead of sanctions from the IFIs (particularly the World Bank and the IMF) (see African Forum and Network on Debt and Development, 2007). The huge sums of money lent to successive corrupt Nigerian governments by the IFIs
were not always used for the purpose for which they were granted, which was against the rules of lending by the IFIs (see World Bank Article 111, clause 5, paragraph c). However, instead of denying further loans to corrupt Nigerian governments, probably as a result of being under pressure for capital accumulation by their multinational clients, the IFIs seemed to have chosen to continue to grant more loans to successive corrupt Nigerian regimes (Adams, 1991).

As the internal and external debts and interest continue to rise and the huge sums of money realised from the sale of petroleum and gas annually continue to be used for corrupt purposes, Nigeria has consistently been unable to meet its financial obligations to the IFIs. In order to place Nigeria in a position to be able to borrow more money, the Nigerian government approached the IFIs to reschedule the Nigerian debt. However, a condition was imposed that the IFIs would refuse to continue to support Nigeria unless the Nigerian government implemented an IMF-dictated structural adjustment programmes (SAPs) and considered privatising all the country’s presumed non-performing state-owned enterprises (SOEs).

Privatisation would require huge sums of capital to be invested in the SOEs allocated for privatisation. The general assumption is that such huge sums of capital may only be procured by multinational corporations, who are mostly clients to the International Financial Institutions (IFIs). As the Nigerian government was under pressure from the IFIs to privatise all the presumed non-performing SOEs, the Nigerian government was at the same time under pressure from the local political and economic elite, who were encouraging the Nigerian government to cooperate and accept the conditionality of the IFIs. However, while the multinationals were using financial and
moral support from Western economic powers and World Bank to bid for the purchase of the companies allocated for privatisation, the Nigerian political and economic elite were using their local capital and socio-political influence to also bid for the purchase of the SOEs allocated for privatisation.

As internal capital challenged external capital in the privatisation market place, conflicts of interest, abuses of office, fraud and bribery by the ruling elite, politicians and public officials who had been appointed to oversee the privatisation exercise, ruled the privatisation process (see BBC News, 2002a). Thus, some of the companies, such as NITEL, were sold off at give-away prices to the ruling elite, politicians and public officials, their friends and cronies, and to their favoured local and multinational companies, without proper evidence of any due process being followed (BBC News, 2002b).

Evidence from Nigeria (as is the case in many other developing countries), suggests that privatisation is often implemented under external pressures, in particular from the Western economic powers and their controlled institutions (the World Bank and the IMF). As a result, privatisation can be regarded as a global rather than a national economic policy reform. Thus, the polemical vision sometimes put forward, namely that Western neo-liberal policies, such as privatisation were foisted on unwilling developing countries’ governments that had no power to refuse them, is seldom held true (Hoogvelt, 2001). Rapley’s (2004) observation that all the key players shared a common global vision, which often emerged from their membership in what were called international ‘epistemic communities’, is relevant to understanding privatisation in Nigeria and many other developing countries. Thus, the common global vision of private capital
accumulation by the Western multinationals and the Nigerian political and economic elite continues to put Nigeria into huge debt and has further integrated the poor and weak regulatory regime Nigerian economy into the global capitalist camp, with consequence corruption, widening income inequality and poverty.

The most questionable aspect of the privatisation exercise in Nigeria, however, has been the blatant violation of the provisions of the Nigerian Constitution of 1999 and the Public Enterprises (Privatisation and Commercialisation) Act of 1999, which govern the privatisation process. For example, Article 16 of the Constitution forbids the concentration of the collective wealth of Nigerians into the hands of a few, which seems to contradict any privatisation policy in the first place. Furthermore, section 10(ii) of the Public Enterprises (Privatisation and Commercialisation) Act of 1999 precludes public officials (i.e. the President, the Vice-President, Ministers and other senior public officials) from acts that confer on them personal benefits from the privatisation exercise. However, the President, the Vice-President, politicians and public officials Constitutionally entrusted with the privatisation exercise, were implicated in conflicts of interest and abuses of office in the privatisation exercise (see House of Representatives on Commercialisation and Privatisation Report, 2008; Ojakaminor, 2007; Okogie, 2007).

What seems to be worrisome for many Nigerians, and indeed the international community, is that the activities of the Bureau of Public Enterprises (BPE) in the privatisation exercise lacked transparency, proper accounting and accountability. For example, in some cases, the BPE did not produce any evidence in respect of the following: the sums invested in some of the assets before privatisation; the market values of some of the assets before privatisation; who valued the assets for the purpose of
privatisation; and what relationships existed between the valuers, members of the BPE and the purchasers. For example, NITEL which was valued between US$1.3 and US$2 billion by different investment evaluation companies and which Investment London Limited had offered to buy more than half of its value for US$1.25 billion was, with the influence of Obasanjo, later sold to a local company, Transcorps, in which Obasanjo had a vested interest for only US$500 million. However, after the failure of Transcorps to manage NITEL, the sale was reversed and new sale approval was later given by the second successor of Obasanjo (Goodluck Jonathan), for the new highest bidder, New Generation Telecommunications Consortium, made up of China Unicom of Hong Kong, Minerva Group of Dubai and Nigeria’s Gicell Wireless Limited to pay US$2.5 billion for NITEL. Again, the sale went awry. This seems to suggest that, if the sale to New Generation Telecommunication Consortium had materialised, Nigerians would have been denied of US$2 billion in the privatisation of NITEL alone. When the main champion of privatisation, former President Obasanjo, was himself accused of perpetuating conflicts of interest and abuse of office in relation to the sale of NITEL, it was highly unlikely that he would investigate or prosecute other implicated politicians and public officials, suggesting high level of political corruption in the privatisation exercise in Nigeria (see Ojakaminor, 2007).

The immediate challenges facing the Nigerian and multinational companies who were able to ‘cut corners’ to purchase these companies, without complying with due process, relate to the criticisms now being made by the Nigerians, the Nigerian government and even the BPE, that some of the new owners (Nigerians or foreigners) have not been able to profitably manage these companies after privatisation. One of the
most important concerns is that the privatised companies have failed to create wealth and generate employment opportunities for Nigerians as was promised in the privatisation campaign promoted by both the IFIs and the Nigerian government. For example, the Senate committee set up to investigate some cases of alleged malpractices in the privatisation exercise found that Global Infrastructure Nigeria Limited (GIHL), which bought Ajaokuta Steel Company Limited (ASCL) and the National Iron Ore Mining Company (NIOMCO), had embarked on massive borrowing from local banks. The general impression is that GIHL has been diminishing the values of ASC and NIOMCO to buoy up its fortune. As a result of corruption in the privatisation process and failure of the new local and foreign owners to efficiently manage most SOEs after privatisation, the government, which came into power in May 2007, ordered the revocation of the sales of 350 of the 400 SOEs, which were privatised after 1999. This revocation decision further suggests that privatisation may have failed to create wealth or generate employment opportunities for Nigerians.

Among the tenets of neo-classical economic theory are beliefs that markets are efficient and clear, that individuals are rational utility-maximisers, and that the price-mechanisms offer the best means of distilling all the information available in an economy (see Friedman, 1968; Ramanadham, 1993). However, the belief that a stable macroeconomic environment characterised by low inflation, secure property rights, and restrained government will attract private investment and lead to growth seems to have become questionable (see Abu Shir, 1997). The generally held belief that political considerations typically interfere with economic logic, such that greater government involvement in the economy tends to lead to less growth, is under scrutiny (see Sikka,
The argument that a government should withdraw as much as possible from the management of the economy and leave its operations to relatively unconstrained entrepreneurs, with market logic governing their activities, seems to also be under re-examination (see Livingstone, 2009). This is because all these beliefs or postulations have been challenged by the same Western economic power proponents of neo-liberal economic policies (i.e. the US and the UK governments) in the case of the 2008 global financial crisis and the subsequent nationalisation of Fannie Mae and Freddie Mac by the US government and Northern Rock by the UK government (see Wolf, 2008). Livingstone (2009) noted that:

The collapse of Fannie Mae, Freddie Mac, Northern Rock etc in 2008 and the subsequent nationalisation of these companies, by the US and the UK governments, calls into question the economic policy of liberalisation, deregulation and privatisation, which the US and the UK governments, the World Bank and the IMF have advocated worldwide.

Thus, the economic policy of the US and the UK governments in the post 2008 financial crisis further supports the evidence from Nigeria that the capitalistic interests of the Western economic power and their multinationals may have played key role in the motivation for global drive for privatisation, rather than any market imperatives as claimed. This has, however, been achieved in Nigeria, through the agency of the Western economic power’s controlled-institutions (World Bank and IMF), the support of the Nigerian political and economic elite and professionals, such as accountants. Privatisation has however, not yet succeeded in creating wealth or generating employment opportunities for Nigerians, even after privatising more than half of the state-owned enterprises in Nigeria, suggesting that Nigeria is in dire need of a more viable alternative economic policy.
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3.0 Corruption and Nigeria’s National Integrity System

An effective national integrity system (NIS) plays a vital role in reducing the incidence of socio-political corruption, particularly in a corrupt society, by holding politicians and public officials accountable for their actions in the public interest. The Nigerian 1999 Constitution has elaborate provisions on transparency, accountability and good
governance with appropriate provisions in the Constitution for the Executive (the Presidency), the Legislature (Senate and the House of Representatives) and the Judiciary. For example, Article 15(5) of Chapter 2 of the Constitution (Fundamental Objectives and Directive Principles of State Policy) provides that: ‘the state shall abolish all corrupt practices and abuse of power’. Paragraph 11(1) of the Fifth Schedule specifies that it is mandatory for elected officials and public servants to declare their assets upon assumption of office. Article 85 of the Constitution provides for the regular audit of public accounts. In order to be seen to be complying with the respective provisions of the Constitution, some anti-corruption laws have been passed in Nigeria since the return to democracy in 1999.

However, despite these Constitutional provisions and the existence of anti-corruption laws, majority of Nigeria’s elected representatives and public officials have refused to declare their assets as required by the Nigerian 1999 Constitution. As a result, some members of the executive, the legislature and some public officials have continued to be implicated in corruption, without proper investigation or prosecution (see Yerima, 2008). The Anti-Corruption Commission, which was established by a democratically elected government that came to power in 1999, has faced several challenges, even from its elected representatives, some of whom have been implicated in corrupt practices (see Aliyu, 2008). The judiciary is not helping the fight against corruption, because it is not independent and is itself also riddled with corruption (Nigeria Bar Association Human Rights Institute Report, 2010). Delays in the court system have frustrated the efforts of the Anti-Corruption Commission in prosecuting cases of corruption referred by the Commission to the Nigerian courts. Furthermore, the Attorney-General, the Minister of
Justice and the Director of Public Prosecutions have not been proactive about corruption-related matters (Nigeria Bar Association Human Rights Institute Report 2010). At best, petty corruption is prosecuted in the Magistrate Courts; while more serious cases of conflict of interest and abuses of office that characterised the privatisation exercise and are capable of undermining the socio-economic developments of Nigeria are seldom prosecuted (Transparency International Report, 2004). All the so-called independent Anti-Corruption Commissions are independent in name, but in practice they are all dependent on government and influenced unduly (Nigeria Bar Association Human Rights Institute Report 2010).

The media, which is supposed to be independent in reporting suspected cases of corruption, is also far from being independent. Most Nigerian journalists are not well paid and, as a consequence, sometimes submit to the influence of politicians. Some journalists have even lamented that it is often the publishers, who themselves have political interests, that determine when and how certain news items are to be published (Transparency International Report, 2004).

The independence of Nigeria’s Supreme Audit Institution (SAI) is severely limited. The Executive may remove the head of the SAI. The SAI also has no discretion to decide which audits to undertake. The Office of the Auditor-General of the Federation, who is the head of the SAI and therefore should be independent of the Executive and Legislature in performing its Constitutional duties, is not totally independent, as there is interference in its affairs. The Office is funded by the Federal government and the Auditor-General and his staff are civil servants, making them subject to the control of the Executive. Either by design or default, since 2007, the National Assembly has refused to pass a Bill
for section 85(6) of the 1999 Constitution, which provides for the independence of the Auditor-General’s additional powers. As a consequence, the Auditor-General has no duty to independently publish any report; and a report may not deal with any state institution guilty of financial corruption without the matter being referred to the Nigerian National Assembly, many of whose Honourable members have been implicated in corruption (see Aliyu, 2008; Yerima, 2008; Waziri, 2010).

The ineffectiveness of the National Integrity System (NIS) and the Supreme Audit Institution (SAI) therefore explains why many Nigerians believe that there is no political will on the part of the Nigerian government to deal with the problem of financial corruption that has created avoidable poverty in Nigeria (Odah, 2002; Kuta, 2002). This is because in addition to lack of institutional capacity, the NIS and the SAI have not been effective in controlling socio-political corruption, including the corruption which characterised the privatisation exercise. As Ogunde (2002) observed:

*The Nigerian government was forced to embrace the World Bank and IMF-dictated and forced privatisation, deregulation and liberalisation, with maximum zeal, but lacked institutional capacity and an effective National Integrity System (NIS) and Supreme Audit Institution (SAI) to implement privatisation.*

Socio-political corruption, ineffective National Integrity System (NIS) and ineffective Supreme Audit Institution (SAI) have been identified as the main genesis of mismanagement and eventual failure of most state-owned enterprises (SOEs) in Nigeria, the evidence to which I now turn.